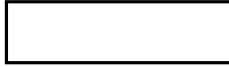


Copy N<sup>o</sup> 417

SECRET



25X1

## BIWEEKLY REPORT

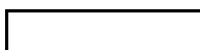
# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/11

9 July 1956

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



SECRET

25X1

**W A R N I N G**

THIS MATERIAL CONTAINS INFORMATION AFFECT-  
ING THE NATIONAL DEFENSE OF THE UNITED STATES  
WITHIN THE MEANING OF THE ESPIONAGE LAWS,  
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-  
SION OR REVELATION OF WHICH IN ANY MANNER TO  
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. Summary of Events, 19 June-2 July 1956 . . . . .	1
II. South Asia . . . . .	2
A. Ceylon . . . . .	2
1. Rubber-Rice Debt Settlement with Communist China . . . . .	2
2. Bulgarian Trade Agreement . . . . .	3
B. Pakistan-USSR Trade Agreement . . . . .	3
C. Soviet Credit to Afghanistan Utilized . . . . .	4
III. Far East . . . . .	5
A. Sino-Soviet Bloc Aid to Cambodia . . . . .	5
B. Soviet-Sponsored Technical Institute in Burma . . . . .	6
IV. Middle East and Africa: Soviet Aid to Yemen . . . . .	7
V. Europe: Yugoslav-Hungarian Trade Agreement . . . . .	8

S-E-C-R-E-T

S-E-C-R-E-T

SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS\*

I. Summary of Events, 19 June-2 July 1956.

The most significant features of the Sino-Soviet Bloc drive to expand economic relations with the underdeveloped areas of the Free World during the period 19 June to 2 July 1956 were the implementation of Soviet economic agreements with Afghanistan and Burma, the signing of a Soviet trade agreement with Pakistan, the acceptance by Yemen of a Soviet economic aid proposal, and the signing of an agreement providing for a grant-in-aid from Communist China of about US \$22.4 million\*\* to Cambodia.

The Soviet agreement with Afghanistan, which provides for a \$100-million loan, was implemented by the signing of a contract calling for the construction of a nitrogen fertilizer plant, an auto repair shop, a research laboratory, and a military air base and for the reconstruction of the Kabul Civil Airfield. Burma reached an agreement with the USSR on the details of the Union of Burma Institute of Technology to be established in Rangoon by the USSR.

The grant-in-aid of \$22.4 million to Cambodia by Communist China is the first substantial grant-in-aid by a Communist country to a non-Bloc nation and represents a new approach in the Chinese Communist bid for influence in Southeast Asia. The agreement specifies that China will not control the Cambodian government's use of the grant.

---

\* Although the main emphasis of the Biweekly is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

\*\* Unless otherwise specified, all dollar values in this report are in terms of US dollars.

S-E-C-R-E-T

S-E-C-R-E-T

The Soviet proposal for economic aid, which was accepted in principle by Yemen, involves the construction of a modern port at Hodeida, the Yemen harbor on the Red Sea, and the training of Yemen students at the University of Moscow as specialists in oil research and mining.

Communist China liquidated in sterling a debt of \$9.5 million to Ceylon, which had been incurred under the 5-year rubber-rice trade agreement between the two countries. New trade agreements signed by Sino-Soviet Bloc nations with Free World countries during the period of this report include 1-year trade and payments agreements between Ceylon and Bulgaria and between Pakistan and the USSR and an 18-month agreement between Yugoslavia and Hungary.

25X1

- 2 -

S-E-C-R-E-T

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010011-8

Next 5 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010011-8